

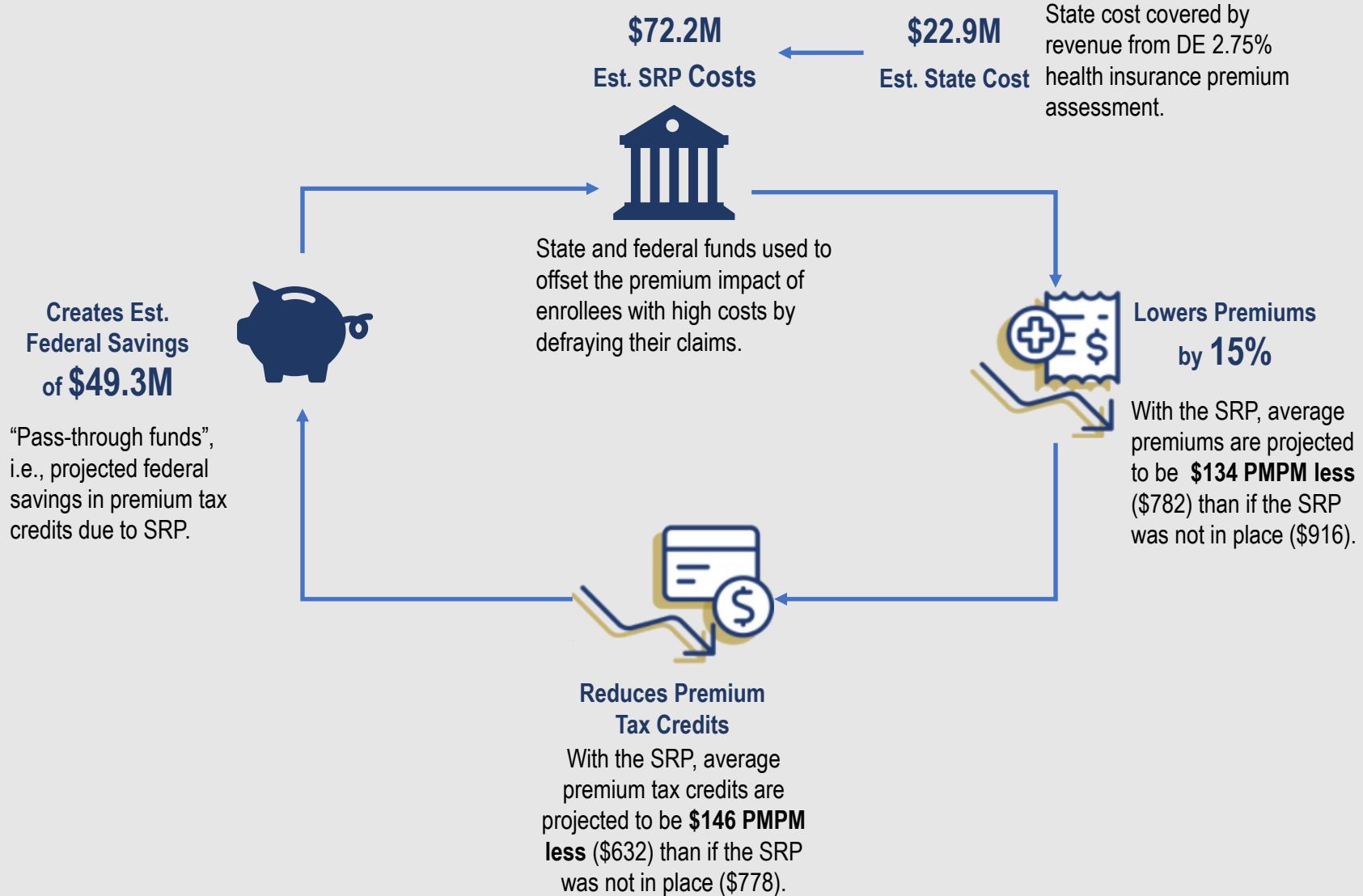
OVERVIEW

- In 2018, a study was conducted per SCR 70 to assess the potential impact of several different market options, including expanding Medicaid Title XIX to higher incomes, creating a lower cost Exchange-based insurance product, and implementing a state-based reinsurance program
- HHS approved Delaware's 1332 Waiver application on August 20, 2019
- The 1332 Waiver approval allows DHSS to operate a 5-year reinsurance program, which became effective on January 1, 2020
- All insurers offering coverage in the Individual ACA market are eligible to participate in the reinsurance program
- The goal of the reinsurance program is to reduce member premiums in the Individual ACA market relative to if no reinsurance program were in place
 - For plan year 2022, the estimated impact was 15.0%
 - For plan year 2023, the estimated impact is 15.0%
 - For plan year 2024, the estimated impact is 15.0%
 - These estimates exclude the impact of any projected improvement in morbidity
- The program is funded through a combination of federal pass-through funding and an annual premium assessment on carriers which was established by HB 193



How Delaware's State Reinsurance Program Works

2024 State Reinsurance Program Framework



DELAWARE REINSURANCE PROGRAM SUMMARY

November 2, 2023

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Information furnished by carriers currently offering coverage in the Individual ACA market in Delaware, the DHCC, and others, upon which all or portions of this analysis are based, is believed to be reliable. The results of our analyses are dependent on this assumption. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of the data may not reveal errors or imperfections. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised.

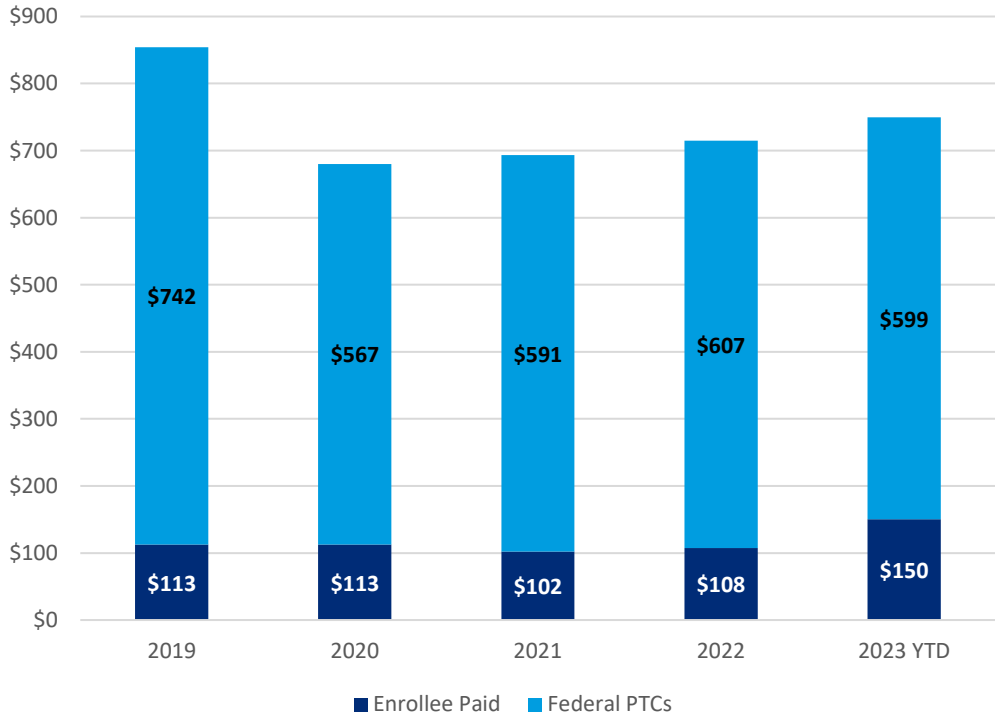
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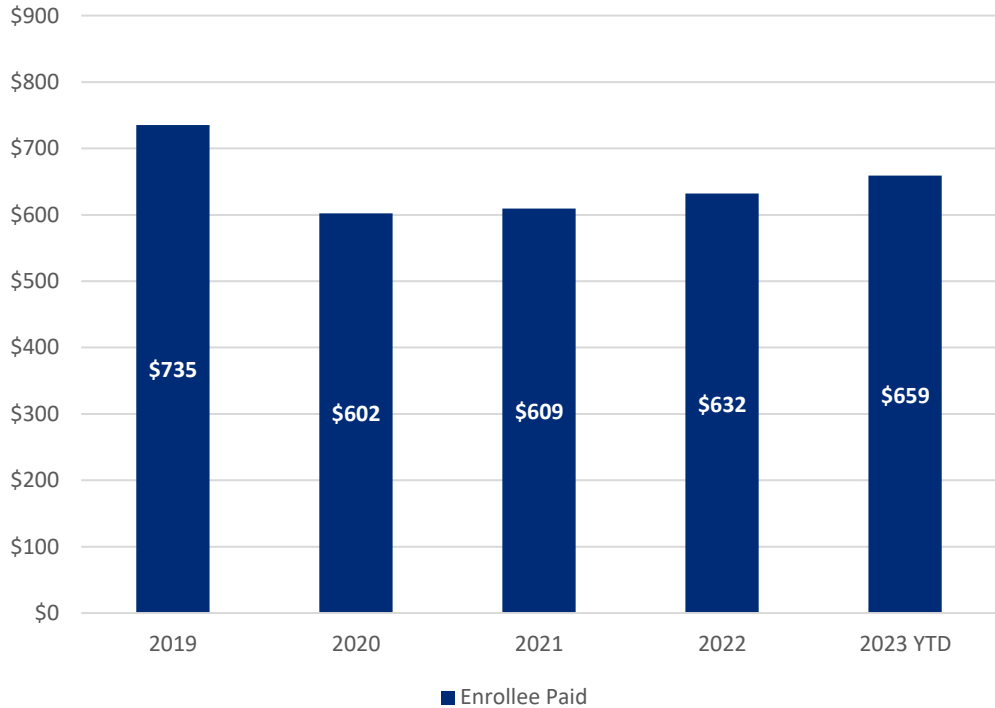
THE AVERAGE GROSS PREMIUM PMPM FOR ENROLLEES DECREASED SIGNIFICANTLY IN 2020 DUE IN PART TO THE IMPLEMENTATION OF THE REINSURANCE PROGRAM AND HAS INCREASED BY AN AVERAGE OF ABOUT 3% ANNUALLY IN THE FOLLOWING YEARS

Average Individual ACA Market Gross Premium PMPM

Enrollees Receiving PTCs - Split by Funding Source



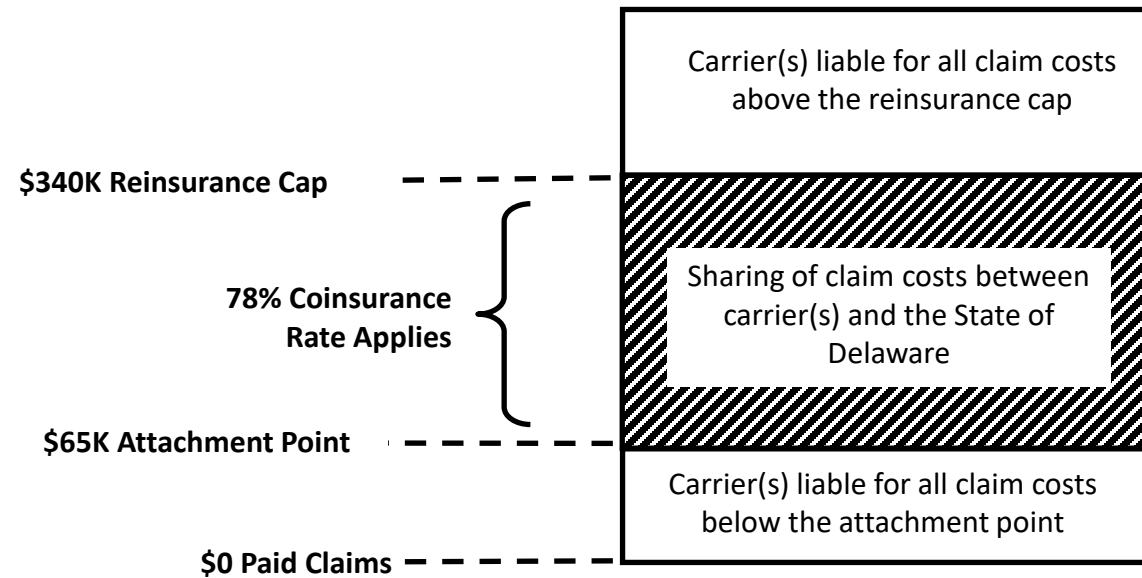
Enrollees Who Do Not Receive PTCs



Sources: Marketplace enrollment reports, carrier data call, and other external reports ; 2023 YTD based on data through February

UNDER ITS ATTACHMENT POINT-BASED REINSURANCE PROGRAM, DELAWARE REIMBURSES CARRIERS FOR A PORTION OF CLAIM COSTS BETWEEN A SPECIFIED ATTACHMENT POINT AND REINSURANCE CAP

Figure 1 – Example of Risk Sharing in 2024

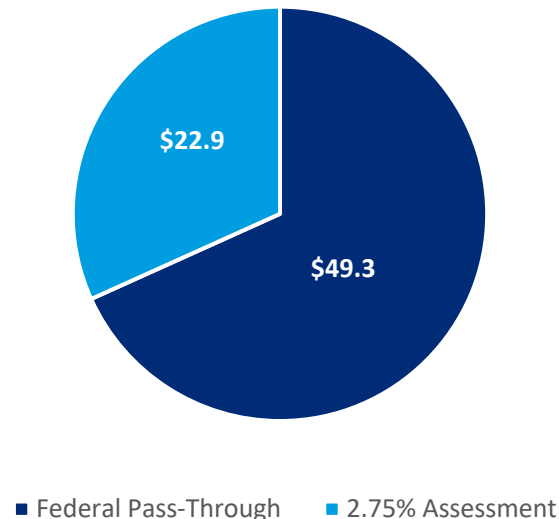


- All insurers offering coverage in the Individual ACA market are eligible to participate in the program
- The program is estimated to reduce member premiums in the Individual market by approximately 15.4% in 2024 relative to if no reinsurance program were in place; this estimate includes an assumption that the morbidity of the single risk pool will be 0.4% lower in 2024 relative to if no reinsurance program were in place
- The reinsurance parameters for calendar year 2024 are as follows:
 - Attachment Point: \$65,000, Coinsurance Percent: 78.0%, Reinsurance Cap: \$340,000

THE TOTAL COST OF THE REINSURANCE PROGRAM FOR 2024 IS PROJECTED TO BE \$72.2 MILLION; DELAWARE'S PORTION OF THAT COST IS PROJECTED TO BE \$22.9 MILLION

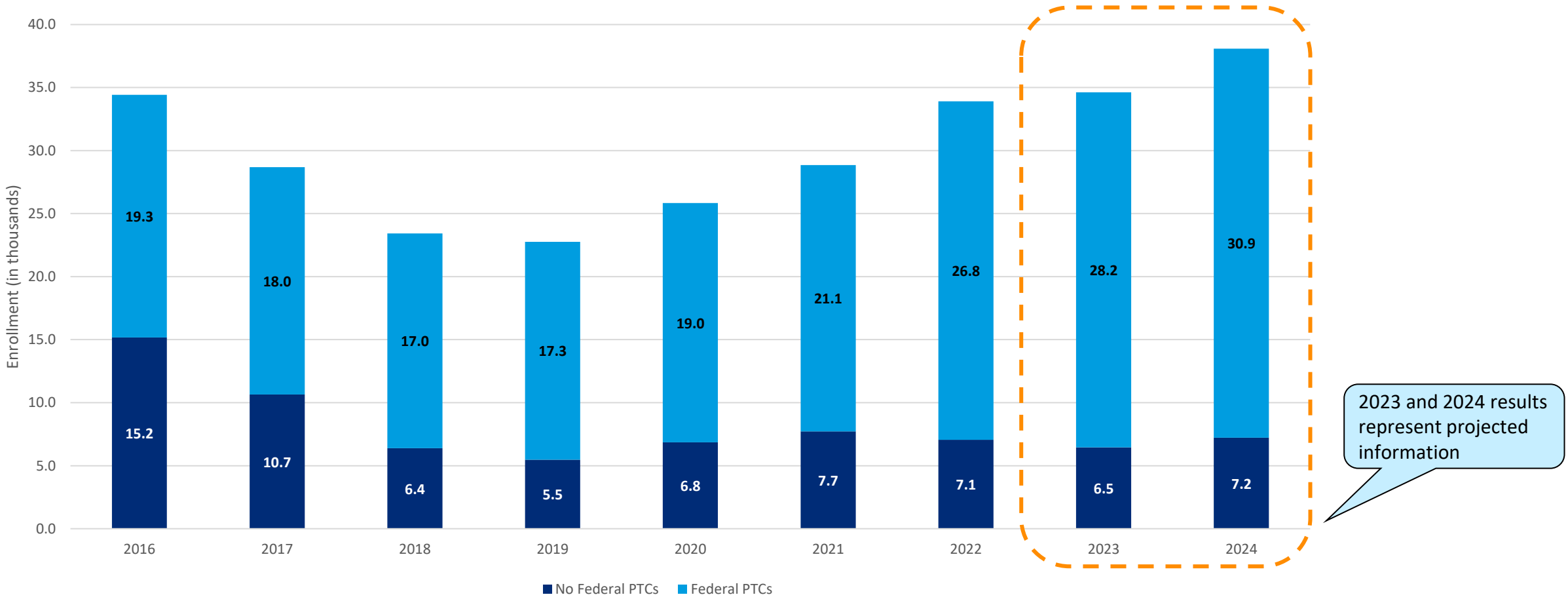
- Per House Bill 193, which was passed on June 20, 2019, the reinsurance program is funded with pass-through funds received from the federal government under the ACA and through a 2.75% annual assessment based on each health insurance carrier's premium that is subject to state premium tax
- Below is a summary of how the \$72.2 million cost is projected to be covered between the federal pass-through funds and funding raised through the 2.75% assessment

Projected Funding of 2024 Reinsurance Program (in \$millions)



INDIVIDUAL ACA ENROLLMENT IS PROJECTED TO INCREASE IN 2024 RELATIVE TO 2023, PRIMARILY DUE TO THE IMPACT OF MEDICAID REDETERMINATIONS

INDIVIDUAL ACA MARKET ENROLLMENT



Sources: Marketplace enrollment reports, carrier data call, and other external reports; 2023 results are projected based on YTD data through February; 2024 results are projected based on internal modeling

THE PROPORTION OF INDIVIDUAL ACA MEMBERS IN GOLD PLANS CONTINUES TO INCREASE EACH YEAR

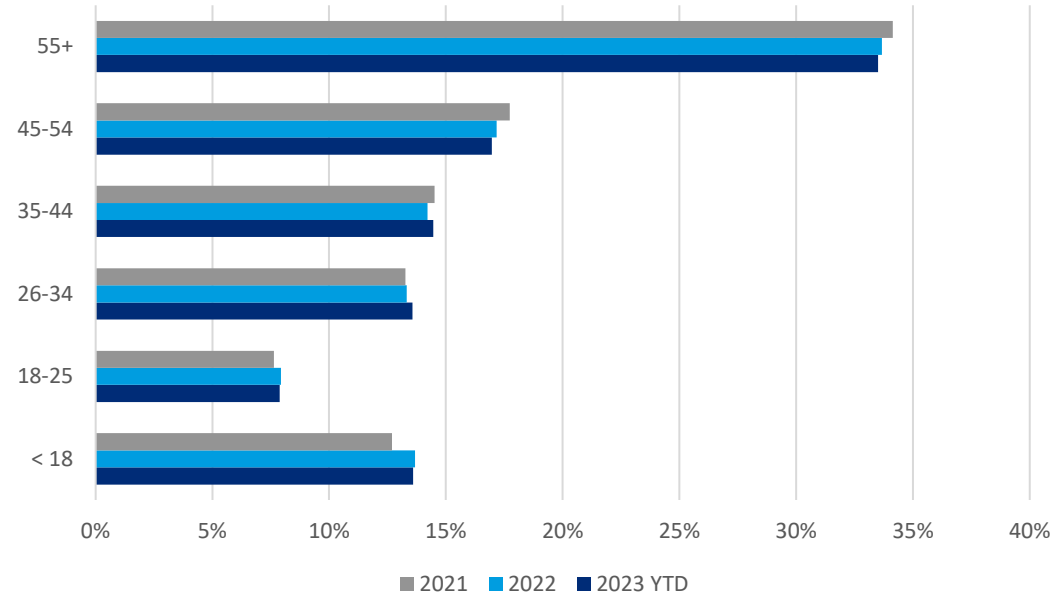
DISTRIBUTION OF INDIVIDUAL ACA MARKET ENROLLMENT BY METAL LEVEL

Metal Level	2021	2022	2023 YTD
Platinum	3.0%	2.8%	2.0%
Gold	39.2%	48.2%	50.8%
Silver	28.3%	24.8%	22.5%
<i>Base Silver</i>	<i>1.8%</i>	<i>1.3%</i>	<i>1.3%</i>
<i>73% CSR</i>	<i>2.2%</i>	<i>2.0%</i>	<i>1.6%</i>
<i>87% CSR</i>	<i>13.6%</i>	<i>12.6%</i>	<i>11.4%</i>
<i>94% CSR</i>	<i>10.7%</i>	<i>8.9%</i>	<i>8.2%</i>
Bronze	28.9%	23.8%	24.3%
Catastrophic	0.6%	0.4%	0.4%

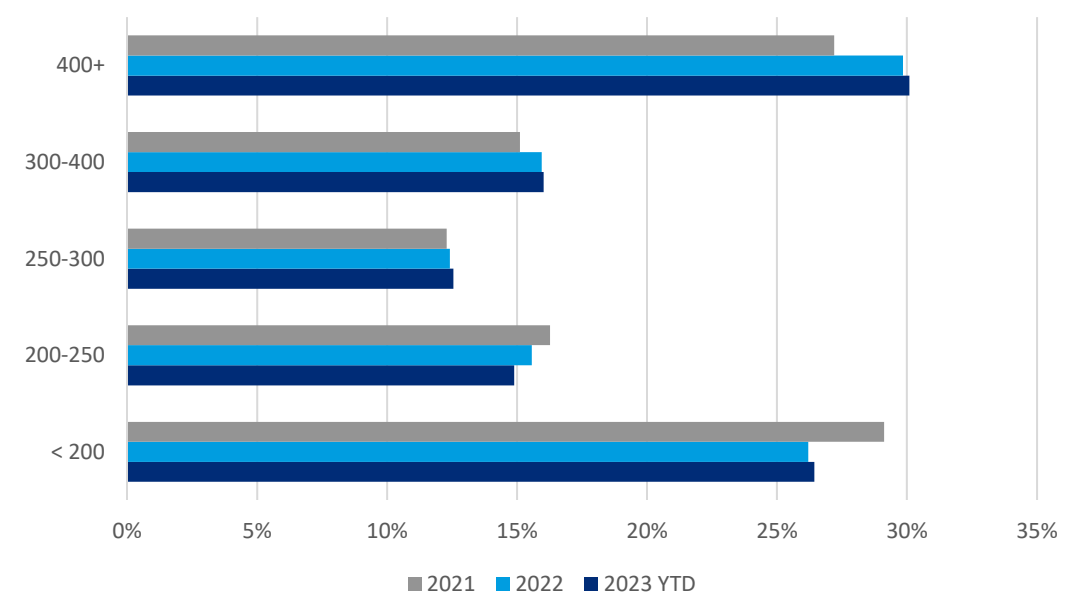
Source: Carrier data call; 2023 YTD based on data through February

THE DISTRIBUTION BY AGE HAS SHIFTED TOWARD YOUNGER AGES AND THE PERCENTAGE OF MEMBERS WITH AN FPL OF 400+ HAS INCREASED FROM 2021 TO 2023

DISTRIBUTION OF INDIVIDUAL ACA MARKET ENROLLEES BY AGE



DISTRIBUTION OF INDIVIDUAL ACA MARKET ENROLLEES BY FPL



Source: Marketplace enrollment reports, carrier data call; 2023 YTD based on data through February

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